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GSA MAS Advisory Panel

May 22, 2008 meeting

Additional Questions for Ms. Sewell (MOBIS) from Alan Chvotkin

(1.) QUESTION: Do the Most Favored Customer (MFC)/basis of Award negotiations at contract formation have any application in the agency's contract administration other than for evaluating compliance with, or triggering, the price reduction clause?

RESPONSE: The negotiations that take place during the pre-award stage to determine an agreed upon Most Favored Customer (MFC) and Basis of Award customer/category of customer set the bench mark for the contract pricing for the entire length of the multiple award schedule (MAS) contract (1 five year base period with 3 five year options). Since we strive to negotiate prices that are at least equal to or better than the MFC I feel that at contract award negotiating a realistic MFC is an added tool we use in our price analysis of determining prices fair and reasonable. At time of option when we are required to perform an "informal price analysis" we are able to re-verify that we are receiving the best prices possible by maintaining the MFC discount relationship to the GSA awarded prices.

Usually the MFC and the Basis of Award customer/category of customer are the same; however, there are instances, especially when federal agencies are the contractor's MFC, that the Basis of Award customer/category of customer will be a commercial company or a category of customers that is different from the MFC. Negotiating a Basis of Award customer/category of customer that is other than a Federal Agency is done to ensure that the price reduction clause can be triggered if circumstances warrant.

There are no other applications for negotiating a Basis of Award customer/category of customer other than for the Price Reduction clause. Negotiating the MFC is useful as one of many pricing tools used to negotiate prices fair and reasonable.

(2.) QUESTION: Would you estimate what portion of the time in pre-award negotiations between the government and the contractor is related to the MFC/Basis of Award issue?

RESPONSE: Determining MFC/Basis of Award customer/category of customer is the area that causes the contractor's the most difficulty when preparing the Commercial Sales Practice (CSP) form required as part of the initial proposal and at time of option in addition to whenever the contractor request to add labor categories, special item numbers, and requesting an economic price adjustment. The CSP developed was for products contracts but is not user friendly for services contracts. The contract specialists for both pre and post award spend hours explaining to contractor's how to complete the CSP form correctly, educating contractor's exactly why we need the information required by the CSP, returning the CSP form for corrections and starting the entire process over again (receiving, educating, rejecting).

(3.) QUESTION: Based on your experience, are there other actions GSA or the ordering agencies can take to engender greater meaningful competition in the Schedules at the order level?

RESPONSE: I have been a contracting officer, both in the military and as a civilian since 1984, 16 years with Department of Defense in which I awarded commodities, services and construction contracts in addition to contract administration with the Defense Contract Management Agency prior to coming to GSA 8 years ago to work in the Multiple Award Schedules program. Additionally last year I was given an opportunity to work as a Branch Chief to the Assisted Services division of GSA where I was able to have "hands on" experience in using the MAS schedules. I am confident based on past experience that the MAS program saves time and money when used properly. I believe that there is a lack of education within the contracting community of how to use the MAS program to its fullest potential. For services, I do not think the Price Reduction Clause adds any benefit or value to pricing issues or competition issues. I would recommend GSA promote more hands on training to federal agency contracting officers by GSA contracting officers who have used the MAS program properly. Though GSA has an on-line course on how to use the schedules, I do not know of any contracting officers from other federal agencies who have taken the time to take the course. I have participated in podcasts on different issues regarding the MAS program that contracting officers might find useful but the audience to date range about 200 who listen. I would like to see an acquisition conference for those in the 1102 series for all agencies to attend and learn about all the different contract tools available to agencies to include schedule contracts, GWACs, MACs, etc. GSA needs to continue to educate on the different scopes of the MAS schedules, how to promote more competition, the use of RFIs, educating on "ceiling prices", when to ask for discounts, the use of the Service Contract Act and how it relates to the MAS program, GSA's willingness to review PWS/SOW. I spend half of my day working with contracting officers from other agencies on how to use the schedules but never have I been asked to discuss the price reduction clause.